

MARTY JUDGE, ESQ.
Member of the NJ & PA Bar
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PLEASE RESPOND TO TRENTON

May 28, 2010

VIA E-MAIL AND REGULAR MAIL

Frank X. Cardiello, Esq.
Assistant Regional Counsel
Office of Region Counsel
U.S. Environmental Protection Agency, Region 2
290 Broadway, 17th Floor
New York, New York 10007-1866

Sherrel Henry
Remedial Project Manager
Emergency and Remedial Response Division
U.S. Environmental Protection Agency, Region 2
290 Broadway, 17th Floor
New York, New York 10007-1866

RECEIVED
JUN 2 2010

Re: **Shieldalloy Metallurgical Corporation Superfund Site, Newfield, New Jersey
Confirmation Of Establishment And Maintenance Of \$500,000 Financial
Assurance Under Paragraph 115 Of April 28, 2010 Administrative Settlement
Agreement And Order On Consent For Remedial Investigation/ Feasibility
Study And Remedial Design, EPA Region 2, CERCLA Docket No, 02-2010-
2017**

Dear Mr. Cardiello and Ms. Henry:

Pursuant to Paragraph 115 of the April 28, 2010 Administrative Settlement Agreement And Order On Consent For Remedial Investigation/ Feasibility Study And Remedial Design, EPA Region 2, CERCLA Docket No, 02-2010-2017, for the Shieldalloy Metallurgical Corporation Superfund Site, in Newfield, New Jersey, I am pleased to provide the documents described below confirming the establishment and maintenance of the \$500,000 financial assurance obligation which has been funded jointly by Shieldalloy Metallurgical Corporation ("SMC") and TRC Companies, Inc. ("TRC"):



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Frank X. Cardiello, Esq.
Assistant Regional Counsel
and
Sherrel Henry
Remedial Project Manager
U.S. Environmental Protection Agency
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1. Copy of Trust Agreement dated May 25, 2010 in the amount of \$200,000 between SMC as the "Grantor" and RBS Citizens, N.A., a national banking association located in Providence, Rhode Island, as the "Trustee," naming EPA as the "Beneficiary".¹
2. Funding confirmation email from RBS Citizens, N.A. to SMC's Corporate Controller, Pamela J. Bradway, confirming that the \$200,000 funding of the Trust Agreement occurred on May 27, 2010.
3. Certification of Authorized Signatures showing both Ms. Bradway and SMC's HSE Manager, Barbara Flowers, as currently authorized signatories who may provide written instructions to RBS Citizens, N.A. under the Trust Agreement.²
4. Copy of Irrevocable Standby Letter of Credit dated May 27, 2010 in the amount of \$300,000 between TRC as the "Applicant" and Wells Fargo Bank, N.A., San Francisco, California, naming EPA as the "Beneficiary".³

Please feel free to contact me or Marc Faecher at TRC if you have any questions or problems.

Very truly yours,
FLASTER/GREENBERG P.C.



Marty M. Judge

Encl.

¹ The original Trust Agreement is in the possession of SMC.

² SMC will be amending the Certification of Authorized Signatures to add additional authorized signatories under the Trust Agreement, including but not necessarily limited to David J. White, SMC's Technical Director.

³ Wells Fargo Bank, N.A. has forwarded the original Letter of Credit directly to the attention of Walter Mugdan in EPA Region 2.

Frank X. Cardiello, Esq.
Assistant Regional Counsel
and
Sherrel Henry
Remedial Project Manager
U.S. Environmental Protection Agency
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Cc/ encl. (**VIA E-MAIL ONLY**):

Marc S. Faecher, Esq., Sr. Vice President, TRC Companies, Inc.
P.J. Hansen, P.E., Director of Operations, TRC Companies, Inc.
Pamela J. Bradway, Controller, Shieldalloy Metallurgical Corporation
David J. White, Ph.D., Technical Director , Shieldalloy Metallurgical Corporation
Barbara Flowers, HSE Manager, Shieldalloy Metallurgical Corporation

TRUST AGREEMENT

Shieldalloy Metallurgical Corporation Site

Dated: 25th May, 2010

This Trust Agreement (this "Agreement") is entered into as of 25th May 2010 by Shieldalloy Metallurgical Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Grantor"), and RBS Citizens, N.A. "a national banking association," organized under the laws of the United States of America with its principal place of business at One Citizens Plaza, Providence, Rhode Island. (the "Trustee").

Whereas, the United States Environmental Protection Agency ("EPA"), an agency of the United States federal government, and the Grantor have entered into an Administrative Settlement Agreement and Order on Consent for Remedial Investigation/Feasibility Study and Remedial Design, EPA Region 2 CERCLA Docket No. 02-2010-2017, for the Shieldalloy Metallurgical Corporation Site, Borough of Newfield, Gloucester County and the City of Vineland, Cumberland County, New Jersey (hereinafter the "AOC");

Whereas, the AOC provides that the Grantor shall provide assurance that funds will be available as and when needed for performance of the Work required by the AOC;

Whereas, in order to provide such financial assurance, Grantor has agreed to establish and fund the trust created by this Agreement; and

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee has agreed to act as trustee hereunder.

Now, therefore, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) The term "Beneficiary" shall have the meaning assigned thereto in Section 3 of this Agreement.

(b) The term "Business Day" means any day, other than a Saturday or a Sunday that banks are open for business in Newfield, New Jersey, USA.

(c) The term "Claim Certificate" shall have the meaning assigned thereto in Section 4(a) of this Agreement.

(d) The term "Fund" shall have the meaning assigned thereto in Section 3 of this Agreement.

(e) The term "Grantor" shall have the meaning assigned thereto in the first paragraph of this Agreement.

(f) The term "Objection Notice" shall have the meaning assigned thereto in Section 4(b) of this Agreement.

- (g) The term "Site" shall have the meaning assigned thereto in Section 2 of this Agreement.
- (h) The term "Trust" shall have the meaning assigned thereto in Section 3 of this Agreement.
- (i) The term "Trustee" shall mean the trustee identified in the first paragraph of this Agreement, along with any successor trustee appointed pursuant to the terms of this Agreement.
- (j) The term "Work" shall have the meaning assigned thereto in the AOC.

Section 2. Identification of Facilities and Costs. This Agreement pertains to costs for Work required at the Shieldalloy Metallurgical Corporation Site, Borough of Newfield, Gloucester County and the City of Vineland, Cumberland County, New Jersey (the "Site"), pursuant to the above referenced AOC.

Section 3. Establishment of Trust Fund. The Grantor and the Trustee hereby establish a trust (the "Trust"), for the benefit of EPA (the "Beneficiary"), to assure that funds are available to pay for performance of the Work in the event that Grantor fails to conduct or complete the Work required by, and in accordance with the terms of, the AOC. The Grantor and the Trustee intend that no third party shall have access to monies or other property in the Trust except as expressly provided herein. The Trust is established initially as consisting of funds in the amount of two hundred thousand U.S. Dollars (\$200,000). Such funds, along with any other monies and/or other property hereafter deposited into the Trust, and together with all earnings and profits thereon, are referred to herein collectively as the "Fund." The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor owed to the United States.

Section 4. Payment for Work Required Under the AOC. The Trustee shall make payments from the Fund in accordance with the following procedures.

(a) From time to time, the Grantor and/or its representatives or contractors may request that the Trustee make payment from the Fund for Work performed under the AOC by delivering to the Trustee and EPA a written invoice and certificate (together, a "Claim Certificate") signed by an officer of the Grantor (or the relevant representative or contractor) and certifying:

- (i) that the invoice is for Work performed at the Site in accordance with the AOC;
- (ii) a description of the Work that has been performed, the amount of the claim, and the identity of the payee(s); and

(iii) that the Grantor has sent a copy of such Claim Certificate to EPA, both to the EPA attorney and the EPA RPM at their respective addresses shown in this Agreement, the date on which such copy was sent, and the date on which such copy was received by EPA as evidenced by a return receipt (which return receipt may be written, as in the case of overnight delivery, certified mail, or other similar delivery methods, or electronic, as in the case of e-mail, facsimile, or other similar delivery methods).

(b) EPA may object to any payment requested in a Claim Certificate submitted by the Grantor (or its representatives or contractors), in whole or in part, by delivering to the Trustee a written notice (an "Objection Notice") within thirty (30) days after the date of EPA's receipt of the Claim Certificate as shown on the relevant return receipt. An Objection Notice sent by EPA shall state (i) whether EPA objects to all or only part of the payment requested in the relevant Claim Certificate; (ii) the basis for such objection, (iii) that EPA has sent a copy of such Objection Notice to the Grantor and the date on which such copy was sent; and (iv) the portion of the payment requested in the Claim Certificate, if any, which is not objected to by EPA, which undisputed portion the Trustee shall proceed to distribute in accordance with Section 4(d) below. EPA may object to a request for payment contained in a Claim Certificate only on the grounds that the requested payment is either (x) not for the costs of Work under the AOC or (y) otherwise inconsistent with the terms and conditions of the AOC.

(c) If the Trustee receives a Claim Certificate and does not receive an Objection Notice from EPA within the time period specified in Section 4(b) above, the Trustee shall, after the expiration of such time period, promptly make the payment from the Fund requested in such Claim Certificate.

(d) If the Trustee receives a Claim Certificate and also receives an Objection Notice from EPA within the time period specified in Section 4(b) above, but which Objection Notice objects to only a portion of the requested payment, the Trustee shall, after the expiration of such time period, promptly make payment from the Fund of the uncontested amount as requested in the Claim Certificate. The Trustee shall not make any payment from the Fund for the portion of the requested payment to which EPA has objected in its Objection Notice.

(e) If the Trustee receives a Claim Certificate and also receives an Objection Notice from EPA within the time period specified in Section 4(b) above, which Objection Notice objects to all of the requested payment, the Trustee shall not make any payment from the Fund for amounts requested in such Claim Certificate.

(f) If, at any time during the term of this Agreement, EPA implements a "Work Takeover" pursuant to the terms of the AOC and intends to direct payment of monies from the Fund to pay for performance of Work during the period of such Work Takeover, EPA shall notify the Trustee in writing of EPA's commencement of such Work Takeover. Upon receiving such written notice from EPA, the disbursement procedures set forth in Sections 4(a)-(e) above shall immediately be suspended, and the Trustee shall thereafter make payments from the Fund only to such person or persons as the EPA may direct in writing from time to time for the sole purpose of providing payment for performance of Work required by the AOC. Further, after receiving such written notice from EPA, the Trustee shall not make any disbursements from the Fund at the request of the Grantor, including its representatives

and/or contractors, or of any other person except at the express written direction of EPA. If EPA ceases such a Work Takeover in accordance with the terms of the AOC, EPA shall so notify the Trustee in writing and, upon the Trustee's receipt of such notice, the disbursement procedures specified in Sections 4(a)-(e) above shall be reinstated.

(g) While this Agreement is in effect, disbursements from the Fund are governed exclusively by the express terms of this Agreement.

Section 5. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with directions which the Grantor may communicate in writing to the Trustee from time to time, except that:

(a) securities, notes, and other obligations of any person or entity shall not be acquired or held by the Trustee with monies comprising the Fund, unless they are securities, notes, or other obligations of the U.S. federal government or any U.S. state government or as otherwise permitted in writing by the EPA;

(b) the Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent such deposits are insured by an agency of the U.S. federal or any U.S. state government; and

(c) the Trustee is authorized to hold cash awaiting investment or distribution un-invested for a reasonable time and without liability for the payment of interest thereon.

Section 6. Commingling and Investment. The Trustee is expressly authorized in its discretion to transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions hereof and thereof, to be commingled with the assets of other trusts participating therein.

Section 7. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) to make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(b) to register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. federal government or any U.S. state government, or any agency or instrumentality thereof,

with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund; and

(c) to deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the U.S. federal government.

Section 8. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund shall be paid from the Fund. All other expenses and charges incurred by the Trustee in connection with the administration of the Fund and this Trust shall be paid by the Grantor.

Section 9. Annual Valuation. The Trustee shall annually, no more than thirty (30) days after the anniversary date of establishment of the Fund, furnish to the Grantor and to the Beneficiary a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The annual valuation shall include an accounting of any fees or expenses levied against the Fund. The Trustee shall also provide such information concerning the Fund and this Trust as EPA may request from time to time.

Section 10. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder; provided, however, that any counsel retained by the Trustee for such purposes may not, during the period of its representation of the Trustee, serve as counsel to the Grantor.

Section 11. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor and as notified in writing to the Beneficiary.

Section 12. Trustee and Successor Trustee. The Trustee and any replacement Trustee must be approved in writing by EPA and must not be affiliated with the Grantor. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee approved in writing by EPA and this successor accepts such appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to EPA or a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the Fund and the Trust in a writing sent to the Grantor, the Beneficiary, and the present Trustee by certified mail no less than 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 8.

Section 13. Instructions to the Trustee. All instructions to the Trustee shall be in writing, signed by such persons as are empowered to act on behalf of the entity giving such instructions. The Trustee shall be fully protected in acting without inquiry on such written instructions given in accordance with the terms of this Agreement. The Trustee shall have no duty to act in the absence of such written instructions, except as expressly provided for herein.

Section 14. Amendment of Agreement. This Agreement may be amended only by an instrument in writing executed by the Grantor and the Trustee, and with the prior written consent of EPA.

Section 15. Irrevocability and Termination. This Trust shall be irrevocable and shall continue until terminated upon the earlier to occur of (a) the written direction of EPA to terminate, consistent with the terms of the AOC and (b) the complete exhaustion of the Fund comprising the Trust as certified in writing by the Trustee to EPA and the Grantor. Upon termination of the Trust pursuant to Section 15(a), all remaining trust property (if any), less final trust administration expenses, shall be delivered to the Grantor.

Section 16. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the EPA issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct made by the Trustee in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 17. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of New Jersey.

Section 18. Interpretation. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

Section 19. Notices. All notices and other communications given under this agreement shall be in writing and shall be addressed to the parties as follows or to such other address as the parties shall by written notice designate:

(a) If to the Grantor, to President, Shieldalloy Metallurgical Corporation.

(b) If to the Trustee, to RBS Citizens, N.A.

Private Bank and Trust
Attention: Jean Parrillo, Vice President
870 Westminster Street RWR 110
Providence, RI 02903

(c) If to EPA, to:

Sherrel Henry
Remedial Project Manager
Emergency and Remedial Response Division
U.S. Environmental Protection Agency, Region 2
290 Broadway, 20th Floor
New York, New York 10007-1866
e-mail: henry.sherrel@epa.gov

and

Frank X. Cardiello
Assistant Regional Counsel
Office of Regional Counsel
U.S. Environmental Protection Agency, Region 2
290 Broadway, 20th Floor
New York, New York 10007-1866
e-mail: cardiello.frank@epa.gov

[Remainder of page left blank intentionally.]

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized and attested as of the date first above written:

GRANTOR

Amela J. Radway, Corporate Controller / Secretary

[Signature of Grantor] [Name and Title]

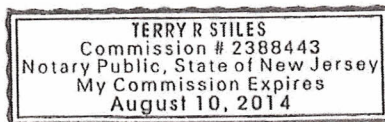
State of New Jersey County of Gloucester

On this [date], before me personally came [name of Grantor official], to me known, who, being by me duly sworn, did depose and say that she/he is [title] of [corporation], the corporation described in and which executed the above instrument; and that she/he signed her/his name thereto.

[Signature of Notary Public]

Terry R. Stiles

TRUSTEE



[Signature of Trustee] [Name and Title]

State of _____ County of _____

On this [date], before me personally came [name of Trustee official], to me known, who, being by me duly sworn, did depose and say that she/he is [title] of [corporation], the corporation described in and which executed the above instrument; and that she/he signed her/his name thereto.

[Signature of Notary Public]

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized and attested as of the date first above written:

GRANTOR

Samuel J. Radway, Corporate Controller / Secretary

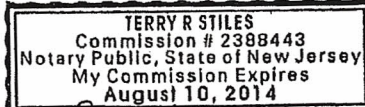
[Signature of Grantor] [Name and Title]

State of New Jersey County of Gloucester

On this [date], before me personally came [name of Grantor official], to me known, who, being by me duly sworn, did depose and say that she/he is [title] of [corporation], the corporation described in and which executed the above instrument; and that she/he signed her/his name thereto.

[Signature of Notary Public]

Terry R. Stiles
TRUSTEE



John Q. Parvillo VICE PRESIDENT

[Signature of Trustee] [Name and Title]

State of MASSACHUSETTS County of BRISTOL

On this [date], before me personally came [name of Trustee official], to me known, who, being by me duly sworn, did depose and say that she/he is [title] of [corporation], the corporation described in and which executed the above instrument; and that she/he signed her/his name thereto.

[Signature of Notary Public]

Colette Vincent
5/25/10

